

Statement by
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Subcommittee on Contracting and Technology
Committee on Small Business
United States House of Representatives

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Mr. Chairman and Members of the Committee, I am pleased to appear before you today to discuss the Department of Energy's (DOE) use of women-owned small businesses in DOE contracts.

On behalf of the Department of Energy, I would like to say how pleased we are to have this opportunity to report on the work of the Department in promoting the growth and development of women-owned small business concerns.

Let me begin by indicating that DOE has established increasing contracting opportunities for women-owned small businesses as an objective in its FY 2007 Strategic Plan For Small Business. As such, we've established agency strategies, prime and subcontracting objectives, and education, training, and outreach objectives for DOE's Women-Owned Small Business Program. Before addressing these strategies, I would like to discuss DOE's business/procurement model, which will demonstrate the nature of DOE's procurements, and the level at which DOE's small business prime and subcontracting goals are established.

DOE's business or procurement model includes two distinct types of contracts: (1) Facilities Management Contracts (FMCs), and (2) non-FMCs. The Facilities

Management Contracts are the primary procurement vehicles utilized at DOE for the operations of its network of government-owned contractor-operated laboratories and other facilities. FMCs include management and operating (M&O) contracts, management and integration contracts, and environmental restoration management contracts, and are generally awarded to large businesses, educational institutions, and non-profit organizations. Through the FMC model, DOE directs the mission-related areas and the overall performance objectives that DOE wants accomplished, while allowing the FMC to oversee the myriad of support services associated with the operation of the facility. FMCs range from the hundred millions of dollars to the billions and are complex and generally contain periods of performance of five or more years.

FMCs have historically represented from 85 to 90 percent of the Department's procurement dollars. For example, in FY 2006 FMC contracts represented 84.4 percent of the DOE procurement base. The remaining non-FMC dollars, or 15.6 percent of the procurement base, were used to fund a wide range of prime contracts with both small and large businesses. Of the non-FMC dollars (\$3.4 billion) available for direct contracting to large and small businesses, DOE awarded \$160.1 million, or 4.68 percent, to women-owned small businesses. DOE is committed to considering all new contracts not designated for M&O contracts for small business set-asides. We also require a comprehensive business review for all FMC contracts when they are due for renewal.

As directed by statute, DOE establishes its prime contracting goals annually. The small business goal for FY 2006 was established at \$828.7 million, or 4.3% of an estimated procurement base of \$19.1 billion; and the women-owned small business goal,

which is a portion of that goal, was established at \$65.1 million. The Department exceeded its women-owned small business goal by achieving \$160.1 million.

In subcontracting, DOE established a women-owned small business goal of 5.8 percent, or \$608.8 million, which was applicable to all FMCs. Because of DOE's business model, the greater potential for gains in small business awards, and women-owned small business awards, rests with the FMCs.

DOE has achieved considerable growth in subcontracts awarded to women-owned small businesses. From the period FY 2000 through FY 2005, the latest fiscal year for which data is available, subcontracts to women-owned small businesses grew from \$495.7 million to \$668.4 million, a 35% increase.

Women-owned small business concerns are a key focus in all of DOE's efforts to improve contracting and subcontracting opportunities for small businesses. There are separate goals established for women-owned small business concerns. We also participate in outreach activities designed by and conducted specifically for women-owned small businesses. Forty-one percent of the protégés mentored by DOE prime contractors in its Mentor-Protégé Program are women-owned small business concerns; women-owned small business concerns serve on DOE's Small Business Advisory Team; and DOE designates an annual Secretarial Award for offices and facilities that achieve outstanding performance in contracting and subcontracting to women-owned small businesses. In past years, several facilities have won the Small Business Administration's (SBA) "Frances Perkins Vanguard Award" for outstanding achievement in contracting with women-owned small businesses. This year, DOE's UT-Batelle, LLC,

manager for the Oak Ridge National Laboratory, won the SBA award for its performance in contracting with women-owned small business concerns.

In DOE's FY 2007 Strategic Plan For Small Business, DOE has established and continues to focus on strategies specifically designed for women-owned small businesses.

These strategies include:

- Development of policy to encourage prime and subcontracting with women-owned small businesses;
- Expansion of the current Office of Small and Disadvantaged Business Utilization (OSDBU) database to identify additional women-owned small businesses for use by program offices, procurement offices, and prime contractors; and
- Inclusion of women-owned small businesses as components in the annual DOE Small Business Conference, which by the way, will be held in Washington, DC this summer.

In addition to the strategies above, DOE has specific prime and subcontracting objectives for women-owned small businesses such as to:

- Incorporate achievements of women-owned small business goals as a performance element in the annual evaluation plan of the officials in the acquisition process;
- Include a prime contractor's past performance in contracting with women-owned small businesses as an evaluation factor in solicitations;
- Encourage FMCs to provide evaluation criterion that reflect a

preference in the award of subcontracts to women-owned small businesses; and

- Incentivize Mentor-Protégé relationships with women-owned small businesses.

In addition, DOE holds monthly “Advanced Planning Acquisition Team” (APAT) meetings to review the Department’s major acquisitions for the purpose of maximizing the utilization of small businesses, including women-owned small businesses. DOE has provided guidance to its technical and contracting personnel by codifying its guidelines on contracting with women-owned small businesses in the Department of Energy Acquisition Regulation (DEAR).

In summary, let me assure you that DOE recognizes the important role that women-owned small businesses play in our national and local economies and we will continue to support and promote opportunities for women-owned small businesses to assist them in becoming viable and dynamic business entities. DOE will continue to advocate for a strong Federal program for women-owned small businesses in prime contracting, subcontracting, and inclusion in financial assistance opportunities. We are truly encouraged by the Committee’s request to learn what efforts agencies are expending on behalf of these concerns. As you will note by the numerous programs, activities, and strategies outlined in this statement, DOE has established women-owned small business contracting as a priority within the Department.

Thank you for the opportunity to appear before this Committee. That concludes my prepared remarks. I would be pleased to answer any questions you may have.